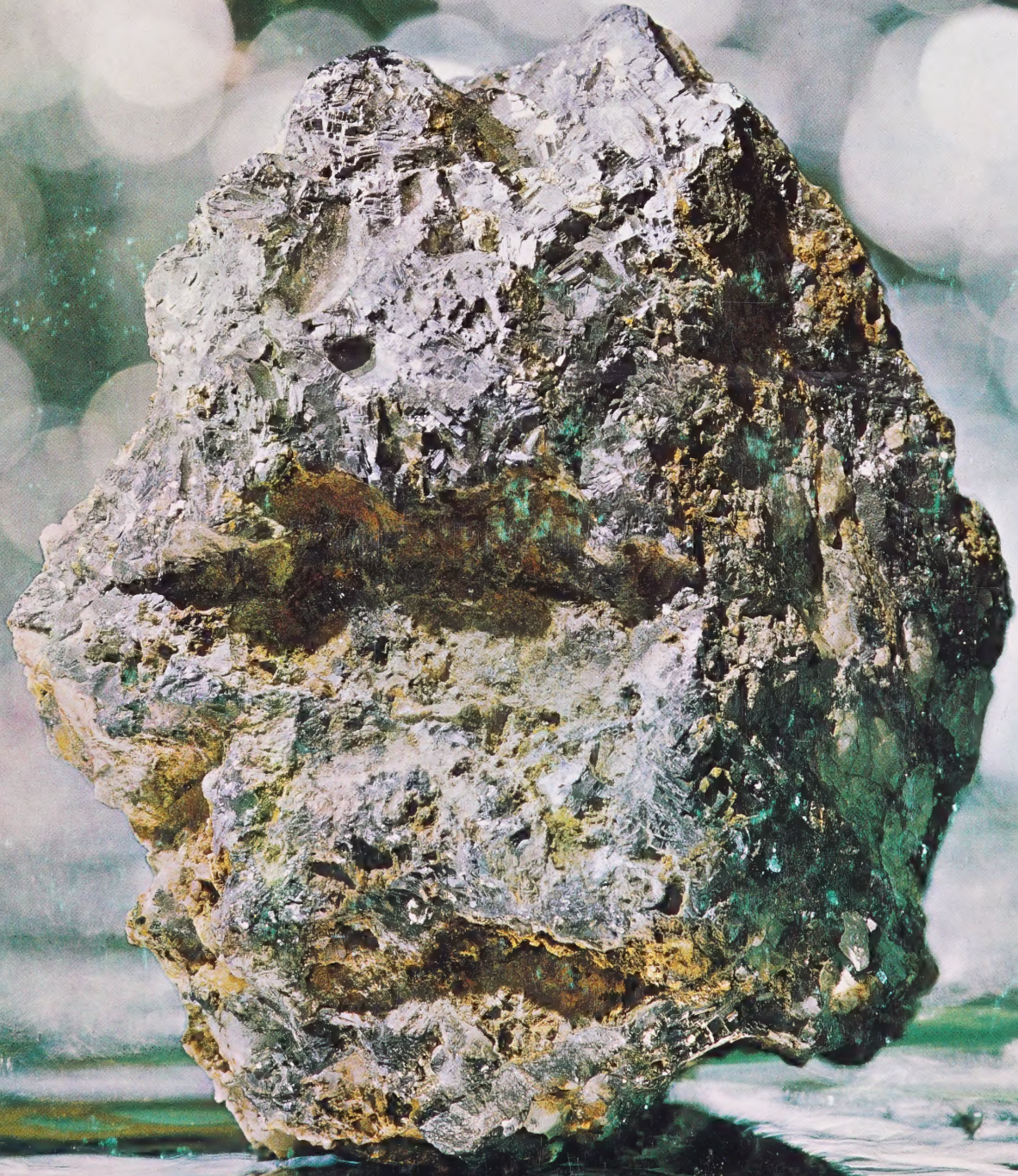


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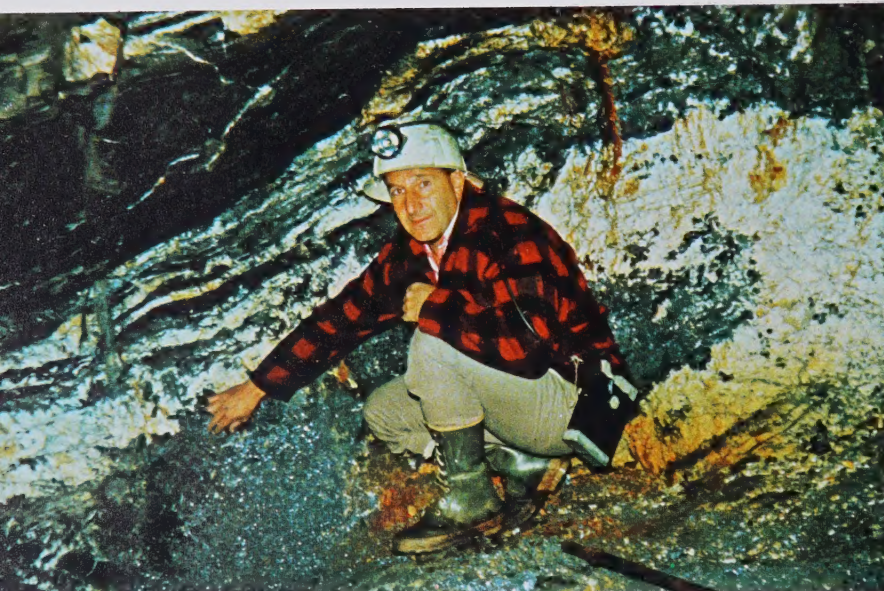


SECOND ANNUAL REPORT, MAY 1969





Director Joe Gallo in 5 level stope. 1968 camp at 10 level portal – Revelstoke.



Rainbow Gold Property near Yuma, Arizona. View from 5 level portal – Revelstoke property.

STANNEX MINERALS LTD. (N.P.L.)

REPORT OF DIRECTORS TO THE SHAREHOLDERS

The fiscal year ended March 31st last was a most satisfactory period for your Company. Your Directors feel progress at the Revelstoke property was excellent. We are now more than ever convinced this property will be a very profitable metal producer over a long period of time.

Last year's underground development program, details of which are contained in the report of J.B.C. Lang, P. Eng., General Manager, Operations gave us much valuable information to add to the substantial data available from earlier operations. We have now established numerous new targets for exploratory development to increase our ore reserves.

At the close of 1968 established ore reserves were estimated at approximately 340,000 tons grading 2.62 oz./ton silver, 2.96% lead and 1.38 zinc. At current metal prices the silver-lead-zinc content of this ore would be worth about \$17.00 a ton. We have set a 1969 goal of one million tons in ore reserves and are confident we will reach - and probably exceed - that objective.

Present ore reserve calculations take into consideration only the silver, lead and zinc content. It was known consistent values in tin, nickel, copper, tungsten and cadmium, as well as lower values in other metals, occur in the ore. These could add materially to over-all value of metal recovery when milling is underway.

With this in mind, a bulk sample of 500 pounds of ore was forwarded late in 1968 to the Mineral Processing Division, Department of Energy, Mines and Resources at Ottawa. Following flotation tests, the Department reported no metallurgical problems exist and recovery of silver, lead and zinc will be high. Surprisingly, it was found the tin and nickel content in the ore was definitely of economic importance.

With the Revelstoke operation well on its way towards the production target, your Directors have been active in considering and examining other properties of interest. In mining, the need for such outside activities cannot be over emphasized. Undertakings of this nature carry an element of risk but are vital to the continuing growth of the Company.

Latest acquisition is a working option exercisable until July 11th next, from Mountain Lion Exploration Ltd., a private Vancouver company, on a gold-silver-copper property with potential for an extremely large low grade open pit mine in Imperial County, southeastern California. A

substantial footage of percussion drilling has been carried out by your Company. Samples were submitted to analytical laboratories in Tucson, Arizona, and Los Angeles and results of metallurgical tests are expected shortly.

The Mountain Lion option also involves several mineral leases (original Crown Grant claims) in the Franklin Camp area north of Grand Forks, West Kootenay District of southern B.C. Discovery of platinum aroused considerable interest in this area some years ago. In a recent report D.W. Pringle, P. Eng., states this ground appears to contain the most interesting geological areas for the occurrence of platinum in the Franklin Camp.

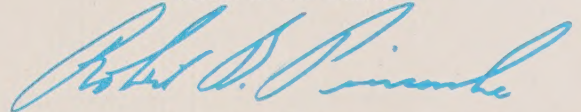
Of special interest at this time is a group of 64 claims staked on behalf of your Company in the Nahanni Valley mining district, west of Fort Simpson, Northwest Territories. These claims cover a five mile southward extension of the fault zone in which Cadillac Explorations Ltd. reports a total of 12 silver-lead-zinc ore zones have been explored by extensive diamond drilling and underground drifting along an eight mile strike length.

The Cadillac discoveries have aroused widespread interest and that company has installed camp facilities and complete equipment for a large crew. Diamond drilling and underground operations were scheduled to resume early in May. Stannex plans to send in a prospecting party to explore the southern extension of the Cadillac ground during the 1969 season.

Naturally, our main interest for the present is devoted to the Revelstoke Operation which we believe can produce substantial earnings for your Company in the relatively near future. The new underground ore development program referred to in Manager Lang's report is now underway and coming months should be productive of a lot of interesting Company news.

Your Directors take this opportunity to express appreciation and thanks to our staff and associates for their continuing efforts and loyalty on behalf of your Company.

Respectfully submitted on
behalf of the Board



May 20th, 1969.

Robert B. Pincombe, President.



MINING ENGINEERS REPORT

The President & Directors,
Stannex Minerals Limited, (NPL)
815 - 850 West Hastings St.,
Vancouver 1, B.C.

Gentlemen:

I am pleased to submit this report on the Revelstoke Mining operations for the year 1968.

DEVELOPMENT:

Development work started on July 19th, and was stopped because of heavy winter conditions on November 27th. During this period a total of 3,604.8 ft. of advance was completed as follows:

Drifting	1,706.1 ft.
Crosscutting	748.4 ft.
Raising	1,150.3 ft.
Total	3,604.8 ft.

In doing this work, 46% or 1658.2 ft was in ore.

ORE RESERVES:

The ore reserves at year end were as follows:

	Tons	Oz Ag.	% Pb	% Zn
Proven Ore	38,130	2.72	4.21	1.55
Probable Ore	<u>270,600</u>	<u>2.79</u>	<u>3.01</u>	<u>1.45</u>
Sub Total	308,730	2.78	3.16	1.46
10% Dilution	30,900	1.00	1.00	0.50
Total	<u>339,630</u>	<u>2.62</u>	<u>2.96</u>	<u>1.38</u>

Composite assays for Tin, Tungsten, Copper & Nickel are being run.

GENERAL:

A contract has been awarded to Versatile Tunnelling Contractors to complete a 3-month crash development programme consisting of 2,755 ft. of lateral work and 2050 ft. of raising.

This work will start in early May, and coupled with bulk sampling for mill test purposes and rechecking sampling and assay procedures and results, will provide a basis to commence feasibility studies toward going into production.

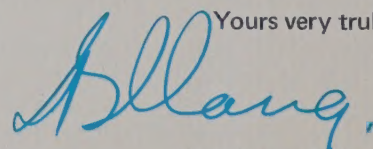
Favourable results from this work will dictate to a great extent the magnitude of the next development stage, which will run concurrently with our present programme.

It is also planned to introduce a small Diamond Drilling programme to determine value of drill core assays in calculating the grade of ore blocks on this type of mineralized vein.

Surface mapping will be completed this Summer.

Relationships with employees and contractors remained on a high level during the year.

The help, guidance and encouragement given me by the President and Directors has been greatly appreciated. The good work and co-operation of our employees, consultants and contractors lightened the load considerably.

Yours very truly,


J.B.C. Lang, P. Eng.

STANNEX MINERALS LTD. (N.P.L.)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Exhibit "C"

For the year ended March 31st, 1969

(with comparative figures to March 31st, 1968)

	1969	1968
SOURCE OF FUNDS		
Sale of shares	<u>\$607,500</u>	<u>\$252,317</u>
APPLICATION OF FUNDS		
Option payment	2,000	1,000
Acquisition of fixed assets	5,825	58,193
Acquisition of mineral properties	11,400	5,070
Exploration and development expenses	290,138	116,238
Administration expenses	28,470	37,026
Incorporation costs	<u>-</u>	<u>1,090</u>
	<u>337,833</u>	<u>218,617</u>
Working Capital Increase	269,667	33,700
Working Capital at beginning of period	<u>33,700</u>	<u>-</u>
Working Capital at end of period	<u>\$303,367</u>	<u>\$ 33,700</u>



STANNEX MINING

BALANCE SHEET AS AT MARCH 31, 1969

ASSETS

	1969	1968
CURRENT ASSETS		
Bank	\$ 8,955	\$ 5,887
Term deposits	291,000	40,000
Advances	4,545	623
Deposit	-	5,000
Accrued interest receivable	3,601	314
Prepaid expenses	895	456
Road grant receivable	4,000	-
	<u>312,996</u>	<u>52,280</u>
INVESTMENT, at cost (Note 1)	<u>52,500</u>	<u>-</u>
FIXED ASSETS, at cost		
Road	-	7,193
Buildings	7,649	6,300
Mining equipment	29,334	26,657
Office equipment	2,863	1,509
Mobile trailers	12,863	12,863
Automotive equipment	4,116	3,671
	<u>56,825</u>	<u>58,193</u>
MINERAL PROPERTIES, at cost (Note 2)		
Mineral claims	639,720	478,820
Less: Agreement payable (Note 3)	397,000	339,000
	<u>242,720</u>	<u>79,820</u>
DEFERRED COSTS		
Exploration and development expenses, per Schedule "1"	413,569	116,238
Administration expenses, per Schedule "2"	65,496	37,026
Incorporation costs	1,090	1,090
	<u>480,155</u>	<u>154,354</u>
	<u>\$ 1,145,196</u>	<u>\$ 344,647</u>

APPROVED ON BEHALF OF THE BOARD

"Robert B. Pincombe" Director

"Barry D. Speton" Director

STANNEX MINERALS LTD. (N.P.L.)

March 31st, 1969 (with comparative figures for 1968)

Exhibit "A"

LIABILITIES AND SHAREHOLDERS' EQUITY

	1969	1968
CURRENT LIABILITIES		
Accounts payable	\$ 8,931	\$ 14,050
Wages and wage assessments payable	698	4,530
	<u>9,629</u>	<u>18,580</u>
SHAREHOLDERS' EQUITY		
Share Capital (Note 4)		
Authorized:		
3,000,000 shares with a par value of \$.50 each	<u>\$1,500,000</u>	
Issued:		
1,214,502 for cash less commissions	579,641	354,641
25,000 for investment (Note 1)	12,500	
802,500 for properties less discounts, net	<u>223,250</u>	<u>73,750</u>
Total shares issued:		
2,042,002 shares	815,391	428,391
Contributed Surplus		
Premium on shares issued for cash and investment net	<u>320,176</u>	<u>(102,324)</u>
	<u>1,135,567</u>	<u>326,067</u>
	<u>\$ 1,145,196</u>	<u>\$ 344,647</u>

This is the Balance Sheet referred to in the report of Brown, Steele, Johnstone & Company, Chartered Accountants, dated May 9th, 1969.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the Balance Sheet of Stannex Minerals Ltd. (N.P.L.) as at March 31st, 1969 and the Statement of Source and Application of Funds for the year then ended. Our examination included a general review of accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Company as at March 31st, 1969 and the source and application of its funds for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

May 9th, 1969
Vancouver, Canada

BROWN, STEELE, JOHNSTONE & COMPANY
CHARTERED ACCOUNTANTS



EXPLORATION AND DEVELOPMENT EXPENSES

For the period from January 12th, 1967 (date of Incorporation) to March 31st, 1969

Expenditures to March 31st, 1968	\$ 116,238	
Add: Transfer of prior period road costs	7,193	\$ 123,431
Expenditures for the year ended March 31st, 1969		
REVELSTOKE PROPERTIES		
Assaying	9,017	
Board and lodging	9,037	
Building supplies	120	
Camp supplies	172	
Consulting and engineering	4,452	
Employee benefits	2,872	
Employee bonuses	1,168	
Engineering supplies	1,085	
Equipment operation	3,193	
Equipment rental	3,967	
Equipment repairs and maintenance	4,072	
Field and mining supplies	(853)	
Freight and cartage	952	
Geological mapping	1,500	
Geological survey	19,154	
Insurance	692	
Licenses and taxes	545	
Maps and blueprints	153	
Prospecting	2,150	
Recording	1,451	
Road work	2,966	
Staking	90	
Surveying	2,076	
Telephone	195	
Travel	1,946	
Underground development	179,910	
Wages	27,861	279,943
MOUNTAIN LION PROPERTIES		
Assaying	97	
Consulting	600	
Exploration	7,115	
Insurance	292	
Property examinations	300	
Travel	1,282	
Wages	509	10,195
TOTAL, to Exhibit "A"		<u>\$ 413,569</u>

STANNEX MINERALS LTD. (N.P.L.)

ADMINISTRATION EXPENSES

Schedule "2"

For the period from January 12th, 1967 (date of Incorporation) to March 31st, 1969

Expenditures to March 31st, 1968 \$ 37,026

Expenditures for the year ended March 31st, 1969

Accounting	\$ 3,576
Automotive	289
Bank and finance charges	276
Dues and subscriptions	389
Employee benefits	95
Filing fees	400
General office administration	8,400
Insurance	131
Legal and audit	5,870
Licenses and taxes	65
Office rent	1,900
Office and postage	388
Printing and stationery	1,465
Promotion and public relations	7,861
Registrar and transfer fees	636
Shareholders' Information	2,689
Telephone and telegraph	1,687
Travel	<u>1,440</u>
	37,557

Less: Interest income \$ 8,137

Rental income 950

9,087

28,470

TOTAL, to Exhibit "A"

\$ 65,496



NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31st, 1969

Exhibit "B"

1. INVESTMENT

Pursuant to an agreement dated March 4th, 1969, the Company acquired an option to purchase all the issued shares of Mountain Lion Explorations Ltd. (N.P.L.) for 150,000 shares of Stannex Minerals Ltd. (N.P.L.). To March 31st, 1969 25,000 shares have been issued with the remaining 125,000 shares due by July 11th, 1969.

In addition the Company must expend not less than \$35,000 (U.S. Funds) on the property held by Mountain Lion Explorations Ltd. (N.P.L.) by July 11th, 1969.

2. MINERAL PROPERTIES

The Company is the recorded owner of thirteen mineral claims and holds an additional four staked claims and twelve crown grants under an option agreement dated December 31st, 1966 (Note 3). These claims, situate in the Revelstoke Mining Division, British Columbia, were acquired for cash payments to date of \$5,070 and at the amount (\$73,750) attributed to 737,500 shares of the Company's share capital issued in consideration for them.

\$ 478,820

Pursuant to an agreement dated October 4th, 1968 the Company purchased 34 claims in the Revelstoke Mining Division of the Province of British Columbia for a consideration of 35,000 shares.

80,500

Pursuant to an agreement dated January 25th, 1968, between Bitter Creek Mines Ltd. (N.P.L.) as the Vendor and Robert Shaw as the Purchaser, Robert Shaw purchased undivided half interest in 287 claims situate in the Nahanni Mining District, Northwest Territories, which interest was assigned to the Company by an option agreement dated March 15th, 1968 between Robert Shaw and the Company for a cash consideration of \$5,000.00 and 30,000 shares of the Company. These claims were permitted to lapse and a portion of the area was then restaked.

The Company now has 64 claims in the District. These claims were staked March 30th, 1969 but not transferred to the Company until April 28th, 1969. To March 31st, 1969 the Company advanced \$3,000 in respect to the staking of these claims and paid an additional \$3,400 subsequent to the year end.

80,400

\$ 639,720

3. AGREEMENT PAYABLE

Under agreement dated March 8th, 1967 the Company obtained all rights to an Option Agreement dated December 31st, 1966 between Alfred Austin Kennedy of Vancouver, B.C. and Stannite Mines Limited (N.P.L.). The Company was obligated under the terms of the Option Agreement to expend \$25,000 on the exploration and development of the sixteen optioned claims before December 31st, 1967 and this commitment was fulfilled. The Company must make annual instalments of \$2,000 on the purchase price (\$400,000) payable on the last day of each year commencing with 1968 and must also apply five per cent of all net smelter returns derived from the optioned claims to the balance of the agreement payable. If the Company has not paid one-quarter of the purchase price by December 31st, 1978 the Agreement may be cancelled at the option of the vendor.

4. SHARE CAPITAL

a) Shares issued, and premiums and commissions related thereto are classified as follows:

	No. of Shares	Par Value	Commissions	Premiums, Net	Net
Cash	1,214,502	\$ 607,251	\$ 27,610	\$ 280,176	\$ 859,817
Investment	25,000	12,500	-	40,000	52,500
Properties	802,500	401,250	-	(178,000)	223,250
	<u>2,042,002</u>	<u>\$ 1,021,001</u>	<u>\$ 27,610</u>	<u>\$ 142,176</u>	<u>\$ 1,135,567</u>

b) During the year the Company issued 450,000 shares for cash which netted the treasury \$607,500. The Company issued an additional 25,000 shares for an investment (Note 1) and 65,000 shares for properties.

5. DEPRECIATION POLICY

No provision for depreciation of the Company's fixed assets has been made in the accounts.

6. DIRECTORS' REMUNERATION

During the year ended March 31st, 1969 the president of the Company received \$8,400 in his capacity as manager.

7. SHARE OPTIONS

Total share options, outstanding at March 31st, 1969 were 150,000 shares at \$2.00 per share and 150,000 shares at \$2.25 per share. 50,000 shares of these options were exercised for a consideration of \$100,000 on April 14th, 1969 and the balance of the agreement was cancelled by the Company.

STANNEX MINERALS LTD. (N.P.L.)

HEAD OFFICE

815 - 850 West Hastings Street
Vancouver 1, B.C. 688-3901

AUTHORIZED CAPITAL

3,000,000 shares

SHARES ISSUED

2,042,002 as of March 31, 1969
of which 350,008 are escrowed.

TRANSFER AGENT

Guaranty Trust Co. of Canada
624 Howe Street
Vancouver 1, B.C. 681-0151

SOLICITORS

Armstrong, Brawner & Speton
1250 - 505 Burrard Street
Vancouver 1, B.C.

BANK

Royal Bank of Canada
685 West Hastings Street
Vancouver 1, B.C.

OFFICERS AND DIRECTORS

Robert B. Pincombe, President
Barry D. Speton, Secretary
Alfred A. Kennedy, Director
Joseph Gallo, Director

